

Direct Testimony

of

Phil A. Hardas

Finance Department

Financial Analysis Division

Illinois Commerce Commission

Commonwealth Edison Company

Application for Certificate of Public Convenience and Necessity

Docket No. 01-0514

November 2001

1 Q: Please state your name and business address.

2 A: My name is Phil A. Hardas. My business address is 527 East Capitol,
3 Springfield, Illinois 62701.

4 Q: What is your current position with the Illinois Commerce Commission
5 ("Commission")?

6 A: I am presently employed as a Financial Analyst with the Finance Department of
7 the Financial Analysis Division.

8 Q: Please describe your qualifications and background.

9 A: In December of 1998, I received a Bachelor of Science degree in Finance from
10 Southern Illinois University at Carbondale. In August of 2001, I received a
11 Master of Business Administration degree from the University of Illinois at
12 Springfield. I have been employed by the Commission since May 1999 as a
13 Financial Analyst.

14 Q: Please state the purpose of your testimony in this proceeding.

15 A: On July 25, 2001, Commonwealth Edison Company ("ComEd") filed a petition for
16 the issuance of a certificate of public convenience and necessity for the proposed
17 construction of two new electric transmission lines in Cook County, Illinois
18 pursuant to Section 8-406 of the Illinois Public Utilities Act ("Act"). The purpose
19 of my testimony is to present my evaluation of the financial implications of the

20 proposed construction under Section 8-406(b)(3) of the Act.

21 Q: Please explain the requirements in Section 8-406(b)(3) of the Act.

22 A: Section 8-406(b)(3) of the Act requires that before issuing the requested
23 certificate of public convenience and necessity the Commission find that the
24 utility is capable of financing the proposed construction without significant
25 adverse financial consequences for the utility or its customers.

26 Q: Please summarize your findings.

27 A: Based on my review of ComEd's petition and the supporting documents, I believe
28 ComEd is capable of financing the proposed construction without significant
29 adverse financial consequences for the utility or its customers.

30 Q: Describe the proposed construction and estimated cost.

31 A: ComEd proposes to construct, operate and maintain a new electric transmission
32 line in Cook County, Illinois. The total estimated cost of the entire project is
33 approximately \$95.4 million. The estimated cost of the proposed construction for
34 which a Commission certificate is required is approximately \$27.10 million.¹

35 Q: Will the cost of the proposed construction be financed by ComEd?

36 A: Yes, ComEd will finance the proposed construction.

¹ See Schedule 2.1 (ComEd response to Staff data requests PH-1 and PH-2).

37 Q: How does the estimated cost of the proposed construction compare to ComEd's
38 existing electric utility assets and revenue?

39 A: As reported in ComEd's 2000 FERC Form No. 1, net utility plant for electric
40 operations at December 31, 2000, was \$11,794,447,827. Total utility revenue
41 from electric operations for the twelve months ended December 31, 2000, was
42 \$6,970,728,656. The total estimated cost of the entire project is approximately
43 \$95.4 million, or 0.8089% of net utility plant for electric operations and 1.3686%
44 of total utility revenue for electric operations.

45 Q: Have you assessed ComEd's ability to finance the proposed construction?

46 A: Yes. The estimated cost of the proposed construction is quite small in
47 comparison to ComEd's total utility plant and revenue for electric operations.
48 Therefore, it is reasonable to conclude that ComEd is capable of financing the
49 proposed construction without significant adverse financial consequences for the
50 utility or its customers.

51 Q: What is your recommendation?

52 A: In my judgment, the proposed transaction meets the requirements of Section 8-
53 406(b)(3) of the Act. Therefore, I recommend the Commission find that ComEd
54 is capable of financing the proposed construction without significant adverse
55 financial consequences for the utility or its customers.

56 Q: Does this conclude your direct testimony?

57 A: Yes, it does.